

TITLE 57
PUBLIC FUNDS IN GENERAL

CHAPTER 5
ISSUANCE OF REFUNDING BONDS

57-501. ISSUANCE OF REFUNDING BONDS AUTHORIZED. In all cases where the state or any county, city, village, school district, highway district, good roads district, irrigation district or drainage district, has issued and sold, or may hereafter issue and sell, its bonds and the same are outstanding and unpaid and which may under the laws of this state be refunded and called for payment, the state, county, school district, city, village, highway district, good roads district, irrigation district or drainage district having issued and sold said bonds, may refund the issue and sell refunding bonds in the manner provided by the law for the purpose of calling and paying said outstanding bonds, and may execute, sell and deliver said refunding bonds and receive the money therefor prior to or subsequent to calling for payment or paying and canceling the bonds so refunded, and such refunding bonds when so sold and delivered shall be legal and binding obligations of the state, county, school district, city, village, highway district, good roads district, irrigation district or drainage district issuing and selling the same.

[(57-501) 1931, ch. 190, sec. 1, p. 328; I.C.A., sec. 55-501.]

57-502. DEPOSIT OF PROCEEDS OF REFUNDING BONDS -- LIMITATIONS ON USE. When such refunding bonds are so sold the money received therefor, if state bonds, shall be deposited with the state treasury, or if the bonds of any county, school district, city, village, highway district, good roads district, irrigation district or drainage district, with the treasurer of such county, school district, city, village, highway district, good roads district, irrigation district or drainage district, such money so received shall become a special fund, and shall not be used for any purpose other than the payment and retirement of the outstanding bond issue so refunded; provided, that any balance left over after said bond issue is entirely retired, paid and canceled, may be transferred to the bond interest and sinking fund of the state, county, school district, city, village, highway district, good roads district, irrigation district or drainage district.

[(57-502) 1931, ch. 190, sec. 2, p. 328; I.C.A., sec. 55-502.]

57-503. PAYMENT AND CANCELLATION OF OUTSTANDING BONDS. As soon as said fund is so received and deposited, the state, county, school district, city, village, highway district, good roads district, irrigation district or drainage district shall immediately pay and cancel such bonds so refunded in the manner and with the effect provided by law for calling and paying such bonds.

[(57-503) 1931, ch. 190, sec. 3, p. 328; I.C.A., sec. 55-503.]

57-504. ADVANCE REFUNDING OF BONDS. (1) Except where the context otherwise requires, the terms defined in this section shall for all purposes have the meanings herein specified:

(a) "Governing body" means the council, commission, board of commissioners, board of directors, board of trustees, board of regents, or other legislative body of a public body designated herein in which body the legislative powers of the public body are vested.

(b) "Public body" means the state of Idaho, its agencies, institutions, political subdivisions, school districts, authorities, instrumentalities, and municipal and quasi-municipal corporations now or hereafter existing under the laws of the state of Idaho.

(c) "Bond" means any revenue bond or general obligation bond.

(d) "Revenue bond" means any bond, note, warrant, certificate of indebtedness, or other obligation for the payment of money issued by a public body or any predecessor of any public body and which is payable from designated revenues or a special fund but excluding any obligation constituting an indebtedness within the meaning of any applicable statutory debt limitation and any obligation payable solely from special assessments.

(e) "General obligation bond" means any bond, note, warrant, certificate of indebtedness, or other obligation of a public body which constitutes an indebtedness within the meaning of any applicable statutory debt limitation.

(f) "Advance refunding bonds" mean bonds issued for the purpose of refunding outstanding bonds in advance of their maturity.

(g) "Issuer" means the public body issuing any bond or bonds.

(h) "Ordinance" means an ordinance of a city or county or resolution or other instrument by which the governing body of the public body exercising any power hereunder takes formal action and adopts legislative provisions and matters of some permanency.

(i) "Government obligations" means [mean] direct obligations of the United States of America, or other securities, the principal and interest of which are unconditionally guaranteed by the United States of America.

(j) Words used herein importing singular or plural number may be construed so that one number includes both.

(2) The governing body of any public body may by ordinance provide for the issuance of bonds to refund outstanding bonds heretofore or hereafter issued by such public body or its predecessor, only: (1) to pay or discharge all or any part of such outstanding series or issue of bonds, including any interest thereon, in arrears or about to become due and for which sufficient funds are not available; or (2) to achieve a savings or other objective that the governing body finds to be beneficial to the public body. Any bonds issued for refunding purposes may be delivered in exchange for the outstanding bonds being refunded or may be sold in such manner and at such price as the governing body may in its discretion determine advisable. Such bonds may be issued without an election unless an election is required by the constitution of the state of Idaho.

(3) Advance refunding bonds may be issued in a principal amount in excess of the principal amount of the bonds to be refunded as determined by the governing body. Such amount may be equal to the full amount required to pay the principal of and interest on the bonds to be refunded to and including their dates of maturity or principal redemption in accordance with the advance refunding plan adopted by the governing body, together with all costs incurred in accomplishing such refunding. The principal amount of the refunding bonds may be less than or the same as the principal amount of the

bonds being refunded so long as provision is duly and sufficiently made for the retirement or redemption of such bonds to be refunded. Any reserves held to secure the bonds to be refunded may be applied to the redemption or retirement of such bonds, or otherwise as the governing body may determine.

(4) Prior to the application of the proceeds derived from the sale of advance refunding bonds to the purposes for which such bonds shall have been issued, such proceeds, together with any other legally available funds including reserve funds, may be invested and reinvested only in government obligations maturing at such time or times as may be required to provide funds sufficient to pay principal, interest and redemption premiums, if any, due in connection with the bonds to be refunded or the advance refunding bonds, or both, in accordance with the advance refunding plan. To the extent incidental expenses have been capitalized, such bond proceeds may be used to defray such expenses.

(5) The governing body may contract with respect to the safekeeping and application of the advance refunding bond proceeds and other funds included therewith and the income therefrom including the right to appoint a trustee which may be any trust company or state or national bank having powers of a trust company within or without the state of Idaho. The governing body may provide in the advance refunding plan that until such moneys are required to redeem or retire the bonds to be refunded, the refunding bond proceeds and other funds, and the income therefrom shall be used to pay and secure payment of principal of, interest on, and redemption premiums, if any, due in connection with all or a portion of the advance refunding bonds or the bonds being refunded, or both.

(6) In computing indebtedness for the purpose of any applicable statutory debt limitation there shall be deducted from the amount of outstanding indebtedness the principal amount of outstanding general obligation bonds for the payment of which there shall have been dedicated and deposited in escrow, government obligations the principal of or interest on which, or both, will be sufficient to provide for the payment of said general obligation bonds as to principal, interest and redemption premiums, if any, when due at maturity or upon some earlier date upon which such bonds shall have been called for redemption in accordance with their terms.

(7) When a public body has irrevocably set aside for and pledged to the payment of bonds to be refunded advance refunding bond proceeds and other moneys in amounts which together with known earned income from the investment thereof will be sufficient in amount to pay the principal of, interest on, and any redemption premiums on such bonds as the same become due and to accomplish the refunding as scheduled, such bonds shall be deemed duly paid and discharged for the purpose of any applicable statutory debt limitation.

(8) Bonds for refunding and bonds for any other purpose or purposes authorized may be issued separately or issued in combination in one or more series or issues by the same issuer.

(9) Except as specifically provided in this section, refunding bonds issued hereunder shall be issued in accordance with the provisions of law applicable to the type of bonds of the issuer being refunded, either at the time of the issuance of the refunding bonds or the bonds to be refunded.

(10) Refunding bonds may be made payable from any taxes or pledged revenues, or both, which might be legally pledged for the payment of the bonds being refunded at the time of the issuance of the advance refunding bonds or at the time of the issuance of the bonds being refunded, as the governing body may determine.

(11) The authority of a public body to issue refunding bonds pursuant to this section is additional to any existing authority to issue such bonds and nothing in this section shall prevent the issuance of such bonds pursuant to any other law, and this section shall not be construed to amend any existing law authorizing the issuance of refunding bonds by a public body.

(12) If any provision of this section, or its application to any person or circumstance is held invalid, the remainder of the section, or the application of the provision to other persons or circumstances is not affected.

[57-504, added 1977, ch. 237, sec. 1, p. 711.]